ECI Exploration and Mining Inc.

(An Exploration Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS
For the six months ended June 30, 2013

Dated: September 26, 2013

Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") of ECI Exploration and Mining Inc. ("ECI" or the "Company") has been prepared as at September 26, 2013. It is intended to be read in conjunction with the consolidated financial statements of the Company as at and for the period ended June 30, 2013.

All of the financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted and all dollar amounts, including comparatives, are expressed in Canadian dollars unless otherwise noted.

Overview

The Company is a mineral exploration company with interests consisting of exploration properties in the state of Durango in Mexico and the state of Mato Grosso in Brazil. ECI's primary exploration projects are the Indé property in Durango and the Cajueiro, Colider and Poconé properties in Mato Grosso.

Highlights

The three months ended June 30, 2013 and the period ended September 26, 2013 were highlighted by the following activities:

FINANCE

- The balance of cash and cash equivalents as at June 30, 2013 was $780,669 and the balance of working capital as at this date was $1,287,344.
- The balance of cash and cash equivalents as at August 31, 2013 was $243,693 ($925,023 including the US$650,000 proceeds raised in the early September 2013 convertible debenture offering described below). In the absence of further action, the Company has forecast that its current unrestricted cash balance will be depleted in November 2013. As at September 26, 2013, management was discussing potential financing alternatives with current and potential new shareholders. Internal restructuring was initiated in late 2012 with a view to facilitating future financing on a jurisdiction-specific basis (regarding the Company's Juruena assets in Brazil, however, this initiative was suspended in July 2013. Management has initiated various cost reduction programs commencing in 2012 with a view to preserving cash. Option agreements associated with the Victoria property in Guanajuato, Mexico and part of the Purisima property in Nayarit, Mexico were dropped in early 2013 in order to preserve cash. A joint venture agreement relating to the Pozos property in Guanajuato, Mexico was entered into with Radius Gold Inc. ("Radius") in February 2013.
- In September 2013, the Company closed a financing transaction relating to the issuance of secured convertible debentures in the aggregate principal amount of US$5,000,000 ($5,241,000) maturing in September 2015. The debentures bear interest at a rate of 9% per annum. The debenture agreement specifies that the allocation of gross proceeds to general working capital requirements is limited to US$650,000.

EXPLORATION

- $506,056 was incurred on exploration activities in Q2 2013 (Q2 2012: $941,894) of which $213,341 was incurred in respect of Cajueiro (Q2 2012: $331,899) and $68,145 in respect of Poconé (Q2 2012: $29,284). There were no other individual properties on which exploration expenditures exceeded $50,000 in Q2 2013.
- A further $25,575 was incurred on mineral rights and claim maintenance in Q2 2013 (Q2 2012: $245,257).
- Indé:
  - No exploration activity was carried out at Indé in order to preserve cash and as a result of the ongoing dispute with the titleholders
- Cajueiro:
  - An update to the 2011 43-101 resource estimate on Cajueiro was released in April 2013. The updated resource comprises a total indicated and inferred resource estimate of 471,000 ounces of gold.

OTHER

- Indé (Mexico): The Company continues to work through the Mexican legal system to have its contractual rights under the Indé contract fulfilled.
- Poconé: The Company is seeking a buyer for its 35% interest in Poconé.

Mineral properties

INDÉ

The Indé property is located six kilometres to the south of the municipal center of Indé in the northern portion of the state of Durango, Mexico. The property includes an operating mine as well as a plant which is adjacent to the mine.

The Company holds an option to acquire a 50% interest in the Indé property pursuant to an agreement with the titleholders (various individuals and Minera Scorpio S.A. de C.V. ("Scorpio"), a private Mexican company) dated August 18, 2009. The Company is required to undertake the following in order to exercise the option:

- Make a cash payment of US$ 300,000 plus VAT upon signing of the agreement (paid)
- Incur US$ 4,700,000 on exploration over five years following the date of the agreement (incurred but subject to audit by the property owners)
- Provide a US$ 2,000,000 loan to the titleholders (provided; outstanding loan balance of US$ 450,000 as at June 30, 2013)
- Retain a qualified appraiser to evaluate the geological resources in the concession areas and value the infrastructure (the mill, mine and all related equipment) once the minimum exploration expenditures have been incurred (completed)
- Subject to minimum production levels being forecast to be attainable by the mine, make funds available to pay 50% of the appraised value of the infrastructure to the titleholders (the actual payment is to take place subsequent to the establishment of a new Mexican corporation to which the property titles, infrastructure and results of exploration are to be contributed pursuant to the agreement).

The titleholders will retain a net smelter royalty ("NSR") of between 2.0% and 3.0% depending on the production rate (in tonnes per day) of the plant.

The value of the infrastructure was appraised at US$ 5,763,339 by an independent professional appraiser engaged by the Company as documented in an appraisal report dated November 10, 2011.

In March 2012, the Company initiated discussions with the titleholders with a view to exercising the option. The titleholders have disputed the findings of the professional appraiser regarding the value of the infrastructure and have declined to transfer title to the applicable properties to a newly formed Mexican company as required by the option agreement. While management has endeavoured to negotiate an amicable settlement with the titleholders regarding these issues, the absence of cooperation from the titleholders has prevented the Company from exercising its option to date.

On October 31, 2012, pursuant to the terms of the agreement, the Company delivered a Notice of Exercise of the option to the titleholders. The titleholders did not respond to the Notice of Exercise of the Option within the requisite 30 day period. As a result, the Company delivered a Notice of Non-Compliance with the agreement in early December 2012. This notice identifies specific issues in which the titleholders are in default of the terms of the agreement, including their failure to transfer title to a newly established Mexican company. The titleholders did not respond to the Notice of Non-Compliance within the 30 day response period. The Company is now evaluating whether to proceed with arbitration or some other legal remedy.

2013 exploration

In June 2012, as a cost saving and strategic decision, it was decided to suspend all further drilling until the initiation of a preliminary economic assessment study. Accordingly, there has been very limited exploration work undertaken at Indé since Q2 2012.

CAJUEIRO

The Cajueiro property consists of a total of twelve contiguous mining claims located on the border of the states of Para and Mato Grosso in central Brazil. The property comprises 53,136 hectares.

2013 exploration

Very limited exploration work was undertaken on the Cajueiro property in Q2 2013 and thereafter through September 26, 2013.

During Q2 2013, the Brazilian mining authorities in Para, Brazil approved a three year extension on the exploration claim covering the Baldo and Novo Sonos anomalies in the northern central part of the Cajueiro project area.

PURISIMA PROPERTIES

The Company held options to acquire a 100% interest in the Purisima properties pursuant to three option agreements with two groups of individual titleholders. Each of the agreements relates to a specific area within the Purisima properties. Decisions were taken in 2012 not to pursue the option relating to two of the three properties.

The option relating to the third of the three properties vested in January 2012, however, title had yet to be transferred to the Company as at September 26, 2013, due to a dispute with the property owner concerning the termination of one of the two properties that were dropped. The titleholders will retain a 10.0% net smelter royalty on this property which may be bought out by the Company for US$ 500,000 (plus applicable VAT).

2013 exploration

Very limited exploration work was undertaken on the Purisima properties in Q2 2013 and thereafter through September 26, 2013.

Summary of quarterly results

A summary of quarterly results in respect of each of the two years ended June 30, 2013 is as follows:

	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2013	Quarter ended Jun. 30, 2013
Revenues	-	-	-	-
Interest income	(11,063)	(9,627)	(5,576)	(2,432)
Exploration expenditures	708,698	754,562	674,720	506,056
Administration expenses	345,221	351,871	362,110	889,687
Net loss for the period	1,021,413	2,330,251	998,511	1,417,559
Basic and diluted loss per share	0.02	0.03	0.01	0.02
Cash and cash equivalents	3,119,071	2,774,537	1,687,864	780,669
Total assets	17,966,357	17,043,383	16,316,722	14,935,872

	Quarter ended Sep. 30 2011	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2012	Quarter ended Jun. 30, 2012
Revenues	-	-	-	-
Interest income	(48,312)	(28,439)	(19,659)	(21,854)
Exploration expenditures	3,160,578	3,388,139	1,134,994	941,894
Administration expenses	683,626	894,593	368,010	341,129
Net loss for the period	4,030,019	4,406,916	1,722,624	1,313,704
Basic and diluted loss per share	0.06	0.06	0.02	0.02
Cash and cash equivalents	12,344,053	8,274,349	5,391,819	4,138,959
Total assets	28,311,743	23,258,550	21,049,423	19,045,363

Administration expenses comprise all operating expenses other than exploration expenditures, unrealised gains and losses on investments and write-offs of mineral properties and fixed assets.

Quarterly operating expenditures in the two years ended September 30, 2013 were characterised by a significant decline in exploration expenditures in Q1 2012 with the completion of the drilling programs undertaken at Indé and Cajueiro in 2011 and a steady decline in administrative expenses in connection with the introduction of cost cutting initiatives. The volatility in quarterly net losses during this two year period was attributable to the following:

- Exploration expenditures were relatively high through Q4 2011 following the capital raise in February 2011 and the initiation of drill programs at both Indé and Cajueiro. The drilling at Indé was significantly reduced in Q1 2012 and the drill program at Cajueiro was completed in Q4 2011 thereby resulting in significant reductions in exploration expenditures in 2012. Exploration expenditures also declined in 2012 as a result of general cost reduction initiatives introduced in the first half of 2012 in

response to the deteriorating state of the junior resource markets and the difficulties present in raising equity financing

- Professional fees (a component of Administration expenses in the above table) were relatively high through the end of 2011 due to costs incurred in connection with the Company's planned IPO; the IPO was withdrawn in November 2011 due to market conditions. Professional fees were also relatively high in Q1 2013 in connection with the proposed spin-out of the Juruena assets (see 'Proposed transactions', below).
- Stock-based compensation (also a component of Administration expenses) was relatively high in Q4 2011 and Q2 2013 due to the issuance of stock options which vested immediately resulting in a significant non-recurring, non-cash charge in each period
- Various mineral properties were written off during the periods under consideration including Adao (a part of the Poconé property) in Q4 2011 ($280,366), one of the three parts of the Purisima property in Q1 2012 ($195,195) and the Victoria and Tecolotes properties and another of the three parts of the Purisima property in Q4 2012 ($1,211,805).

Results of operations

Exploration expenditures

	Q2 2013 ($)	Q2 2012 ($)	Change ($)
Brazil			
Cajueiro	213,341	331,899	(118,558)
Poconé	68,145	29,284	38,861
Brazil, other	106,671	97,880	8,791
Mexico			
Purisima	7,984	1,948	6,036
Inde	21,302	434,691	(413,389)
Mexico, other	88,613	46,192	42,421
	506,056	941,894	(435,838)

Total exploration expenditures decreased from $941,894 in Q2 2012 to $506,056 in Q2 2013, a decrease of $435,838 (46%). The decrease was due to the general decrease in the scale of exploration activities including the following:

- Curtailment of exploration programs at Indé as a result of the dispute with the titleholders. Staff were reassigned to other properties in Mexico thereby resulting in increases in exploration expenditures at Purisima and other Mexican properties
- Significant reductions introduced in both administrative and exploration personnel in Brazil and Mexico which resulted in cost savings.

In addition, 'Mexico, other' costs in Q2 2013 are presented net of $25,912 of expenditures recharged to Radius.

Administrative expenses

Total administrative expenses increased from $341,129 in Q2 2012 to $889,687 in Q2 2013, an increase of $548,558. The increase was due primarily to stock-based compensation recognised in Q2 2013 relating to the issuance and immediate vesting of stock options during the quarter ($595,760). Excluding

stock-based compensation, total administrative expenses decreased from $333,739 in Q2 2012 to $293,927 in Q2 2013, a decrease of $39,812.

Non-operating items

Non-operating items include foreign exchange items and interest income. Such items amounted to a net expense of $12,013 in Q2 2013 as compared to a net expense of $14,491 in Q2 2012.

Liquidity

As at June 30, 2013, the Company had a cash balance of $780,669 (December 31, 2012: $2,774,537), and a net working capital balance of $1,287,344 (December 31, 2012: $3,016,955). The decreases in cash and working capital balances were attributable to ongoing exploration and administrative expenditures. Prior to the September 2013 issuance of convertible debentures, the most recent financing took place in Q1 2011.

Going concern

The recoverability of capitalised expenditures presented as mineral properties in the consolidated balance sheet is dependent upon the existence of and ability to monetize economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral properties, and upon future profitable production or proceeds from the disposition of its mineral properties.

While the Company's consolidated financial statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the six months ended June 30, 2013, the Company reported a net loss of $2,416,070 and as at that date, had a net working capital balance of $1,287,343 and an accumulated deficit of $44,292,924. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings or through other arrangements. The success of such initiatives cannot be assured.

The balance of cash and cash equivalents as at August 31, 2013 was $243,693 ($925,023 including the US$650,000 proceeds raised in the early September 2013 convertible debenture offering described below). In the absence of further action, the Company has forecast that its current unrestricted cash balance will be depleted in November 2013.

The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

The Company is currently seeking one or more strategic investors to advance the Company's properties in Brazil and Mexico. It is likely that existing shareholders would suffer significant dilution following a conventional equity financing under current market conditions.

The Company has reduced costs where possible to a minimum in order to conserve its cash resources. Option agreements associated with the Victoria property in Guanajuato, Mexico and part of the Purisima property in Nayarit, Mexico were both dropped in January and April of 2013 in order to preserve cash. A joint venture agreement relating to the Pozos property in Guanajuato, Mexico was entered into with Radius in February 2013.

Internal restructuring was initiated in late 2012 with a view to facilitating future financing on a jurisdiction-specific basis, however, this initiative was suspended in July 2013.

September 2013 financing

On September 4, 2013, the Company closed a financing transaction relating to the issuance of secured convertible debentures in the aggregate principal amount of US$5,000,000 ($5,241,000) with a maturity date of September 4, 2015. The debentures bear interest at a rate of 9% per annum, accruing quarterly, compounded quarterly and payable semi-annually in arrears on June 30 and December 31 of each year. At the option of the holder, the principal amount of the debentures and any interest owing is convertible into common shares of the Company at a conversion price of $0.25 per common share. The Company may pay interest owing in cash or common shares, with the number of common shares determined using the lower of the conversion price and the market price of the Company's securities. The debenture agreement specifies that the allocation of gross proceeds to general working capital requirements is limited to US$650,000. There were no issuance costs incurred by the Company in connection with the transaction other than legal fees.

Operating activities

Net cash used in operating activities in Q2 2013 amounted to $1,037,023 as compared to $1,068,673 in Q2 2012, a decrease of $31,650. The decrease was attributable to the following:

- A significant reduction in the net loss for the period adjusted for non-cash items of $500,506 reflecting the decrease in administration and exploration expenditures as described above
- Offset by an increase in the net change of non-cash working capital items (primarily other receivables) of $468,856.

Investing activities

Net cash provided by investing activities in Q2 2013 amounted to $127,575 as compared to net cash used in investing activities in Q2 2012 of $192,447, an increase of $320,022. The increase was attributable mainly to the following:

- Net decrease in mineral property acquisition and claim maintenance expenditures of $219,682 due to the absence of option payments required in Q2 2013 (consideration relating to the Mato Grosso and Poconé properties was paid in Q2 2012)
- Increase in payments received relating to the loan receivable from Scorpio of $100,515.

Financing activities

Cash provided by financing activities in Q2 2013 and Q2 2012 amounted to nil. The most recent financing took place in Q1 2011.

Dividends

The Company has neither declared nor paid any dividends on its common shares to date. The Company does not anticipate paying any dividends on its common shares in the foreseeable future.

Contractual commitments

The Company had no long-term contractual commitments outstanding as at June 30, 2013 or September 26, 2013.

Long-term financing requirements

The Company does not currently earn any revenue. As at September 26, 2013, the Company did not have unrestricted financial resources sufficient to maintain operations (including payments required to maintain its properties and agreements in good standing) through December 31, 2013. The maintenance of operations will therefore depend on the Company's ability to obtain additional funding through equity or debt financing or through the joint venture or outright sale of projects in a timely manner. Although the Company has in the past been successful in obtaining financing through the sale of equity securities, there can be no assurance that such funding will be available when required or on terms favourable to the Company. Failure to obtain additional financing when required could result in the delay or indefinite postponement of further exploration or development of the Company's properties and possibly result in the loss of properties.

Capital resources

The Company had no capital expenditure commitments as at either June 30, 2013 or September 26, 2013.

The Company is required to make certain payments in order to maintain its properties and agreements in good standing. These payments are not considered to be commitments as the applicable agreements may be terminated by the Company at short notice without penalty. These future payments (including option payments) total $2,163,149 as at June 30, 2013 including $653,064 due in the six months ending December 31, 2013 and a further $1,510,085 due in 2014 and 2015 (based on foreign exchange rates as at June 30, 2013).

Transactions with related parties

There were no transactions with related parties during the three months ended June 30, 2013 other than as described in the notes to the consolidated financial statements as at June 30, 2013.

Proposed transactions

Except as described below, there were no proposed asset or business acquisitions or dispositions as at June 30, 2013 and September 26, 2013

Proposed spin-out of Juruena assets (Brazil)

The Company initiated a spin-out of its Juruena assets in late 2012 with a view to financing Juruena separately from the Company as a whole (as described in the Company's 2012 Management Discussion and Analysis). In July 2013, the Company chose to indefinitely postpone the spin-out of Juruena.

Proposed changes in the terms of the Company's stock options, warrants and broker options that were contemplated in connection with the spin-out will no longer take place.

Agreement with Radius Gold Inc.

Pursuant to an agreement dated February 14, 2013, the Company granted Radius the option to acquire all rights associated with its option held in respect of the Pozos property (Mexico) by undertaking the following:

(i) Paying all mining license fees and file all required work assessment reports

(ii) Paying all future option payments associated with the January 28, 2010 agreement when they fall due (US$ 185,600 was paid in February 14, 2013 in this regard and the final option payment of US$ 700,000 is due in January 2014)
(iii) Completing a 3,000 meter drill program within 12 months of the issuance of the required drilling permit
(iv) Paying to the Company $700,000 within 90 days of completion of the drill program referred to in (iii).

The Company will retain a 2.5% NSR and the current property owners shall retain a 2.0% NSR. Upon Radius's exercising of the option, the Company will assign to Radius its right to reduce the NSR to 0.5% in return for a payment of US$ 600,000.

Outstanding share data

The Company has authorized capital of an unlimited number of common shares with no par value.

The Company had the following common shares, convertible debentures, share purchase warrants, stock options and agents' options outstanding as at September 26, 2013:

Issued and outstanding common shares	75,823,482
Fully diluted	121,993,482
Convertible debentures	20,000,000
Share purchase warrants	16,600,000
Stock options	7,770,000
Agents' options (for units comprising share + ½ warrant):	
Shares	1,200,000
Warrants	600,000
	1,800,000

Financial instruments

The Company's financial instruments are comprised of cash and cash equivalents, receivables, loan receivable, investments, accounts payable and accrued liabilities and other payables.

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, liquidity risk, credit risk and interest rate risk.

Foreign exchange risk

The Company operates primarily in Brazil and Mexico and is therefore exposed to foreign exchange risk arising from transactions in currencies other than the functional currency of the Company or its subsidiaries. The Company has no program in place for hedging foreign currency risk.

Liquidity risk

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities.

As at June 30, 2013, the Company had no committed purchase obligations.

See comments under "Liquidity" above regarding going concern.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, receivables and loan receivable. The carrying value of the Company's financial assets recorded in the consolidated financial statements represents its maximum exposure to credit risk.

The loan receivable of $514,929 as at June 30, 2013 relates to a loan provided to the underlying property owners of the Indé property. Management expects to recover the balance in full.

Interest rate risk

Interest rate risk is the risk that cash flows will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its loan receivable balance; a 100 basis point (1%) increase (decrease) in the interest rate would have resulted in an increase (decrease) of approximately $3,034 in the reported net loss for the period ended June 30, 2013. While the Company's other financial assets are generally not exposed to significant interest rate risk because of their short-term nature, changes in interest rates will have an impact on interest income realised on certain of such assets. The Company does not have any interest bearing debt.

Risk factors

Various risk factors associated with the Company and its activities have been identified and are presented in the Preliminary Prospectus dated September 14, 2011, which can be found on SEDAR at www.sedar.com.

As at September 26, 2013, Brazil was in the process of adopting a new mining law. The status of the Company's properties and its future prospects could be adversely impacted by the final terms of the mining law adopted.

Recent market events and conditions have served to enhance certain risks associated with mineral exploration companies such as ECI particularly as regards the availability and cost of financing, volatility in the prices of underlying commodity prices and volatility in foreign exchange rates.

Internal control over financial reporting

The Company is not registered with the British Columbia Securities Commission and therefore does not have to make assessments relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at June 30, 2013.

Cautionary Statement on Forward-Looking Information

This MD&A document contains 'forward-looking information' and 'forward-looking statements' (together, the "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements concern the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on

expectations of future performance and planned work programs. These forward-looking statements are made as of August 16, 2013.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to:

- Risks related to the exploration and development of natural resource properties
- Risks related to exploration projects and other operations undertaken with other entities
- Actual results of current exploration activities and reclamation activities
- Future metal price fluctuations
- Market events and conditions
- Accidents, labour disputes and other risks of the resource exploration and mining industry
- Risks related to governmental regulations, including without limitation, environmental laws and regulations
- Delays in obtaining governmental or regulatory approvals, licenses or permits
- Risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title
- Uncertainty in the Company's ability to obtain funding
- Risks related to competition from larger companies with greater financial and technical resources
- Ability to recruit and retain qualified personnel
- Risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interest, and
- The factors discussed under 'Business Risk Factors' in the Preliminary Prospectus dated September 14, 2011.

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.